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EXAMINER	
PERRY, LINDA C	
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Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Office Action Summary	Application No.	Applicant(s)	
	10/689,135	WOODRUFF ET AL.	
	Examiner	Art Unit	
	LINDA PERRY	3695	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE *3* MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

1)☒ Responsive to communication(s) filed on *12/22/2008*.

2a)☐ This action is **FINAL**. 2b)☒ This action is non-final.

3)☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

4)☒ Claim(s) *1-49* is/are pending in the application.

4a) Of the above claim(s) *22 and 24-46* is/are withdrawn from consideration.

5)☐ Claim(s) _____ is/are allowed.

6)☒ Claim(s) *1-21, 23, and 47-49* is/are rejected.

7)☐ Claim(s) _____ is/are objected to.

8)☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

9)☐ The specification is objected to by the Examiner.

10)☐ The drawing(s) filed on _____ is/are: a)☐ accepted or b)☐ objected to by the Examiner.

Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).

Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).

11)☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

12)☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).

a)☐ All b)☐ Some * c)☐ None of:

1.☐ Certified copies of the priority documents have been received.

2.☐ Certified copies of the priority documents have been received in Application No. _____.

3.☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

1) ☒ Notice of References Cited (PTO-892)
2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
3) ☐ Information Disclosure Statement(s) (PTO/SB/08) Paper No(s)/Mail Date _____.
4) ☐ Interview Summary (PTO-413) Paper No(s)/Mail Date. _____.
5) ☐ Notice of Informal Patent Application
6) ☐ Other: _____.

DETAILED ACTION

1. This Office Action is responsive to RCE filed 12/22/08 in Application No. 10689135 filed 10/20/2003.

Amendments are said to be supported "throughout the specification as originally filed". A listing of one paragraph or page relevant to the amendment would be helpful.

2. **Election/Restriction Requirement**

Applicants' arguments for including claims 47-49 are persuasive and those claims are reinstated and are examined.

3. **35 U.S.C. §103 Rejections**

Applicants argue that the additional limitations added to claim 1 per current amendment are not taught by the original references, nor taught by the references applied to the original claim 22, now cancelled, whence these added limitations come. Examiner notes use of extra term "termination date" not in prior claim 22. Applicants argues one reference rather than the combination of references as used, to claim that Dokken does not disclose a forward; but the original claim 1 references show that a repurchase combines a sale by the issuer combined with a forward. Thus the "forward contract" need not be taught by Dokken at all, since it is taught by another reference, and the references are combined. Examiner refers to KSR [127 S Ct. at 1739] "The combination of familiar elements according to known methods is likely to be obvious when it does no more than yield predictable results." Examiner fails to appreciate Applicants' argument concerning "unpredictable results" naming not decreasing EPS of the stock using this method, which a) was not cited in claim 1 at all, and b) would have

been obvious at the time of the invention to a person having skill in the arts, more particularly having accounting knowledge at the undergraduate level concerning stock issuing and repurchase. Indeed Dokken, in ¶ [0095]-[0098], specifically cites the result which claim 1 was intended to achieve "increasing an amount of a first security available to an investor for borrow (sic), the first security issued by a first entity" as follows:

> [0097] FIG. 6 illustrates the use of a **repurchase agreement designed to enhance the liquidity of the fund's** *[first entity]* **securities** *[first security]*. An **insurer, financial institution, company or trust** *[second entity]* 100 **provides a repurchase or liquidity agreement**, conditional letter of credit or similar financial instrument 102 and receives a fee or return based on the value of the assets covered. **This provides a method to assure liquidity for the securities** *[increased amount of first security available for borrowing]* of the reverse investment fund.
>
> [0098] **These repurchase or liquidity agreements provide insured liquidity** *[increased amount of first security available for borrowing]* **for borrowers** *[investor to whom first security is loaned]* **of the funds** (sic) **securities** or credit enhancement for invested securities.

Examiner further notes that the arguments concerning unpredictable results and referring to countering possible dilution are incomplete, in that they also fail to discuss various other effects, such as price moves extensively discussed in the literature (see, for example, references to Ikenberry, and page 2 Fenn and Liang) and also that the repurchase will increase the firm's leverage, because the cost of reacquiring the shares exceed the proceeds from exercise, else the options would not be exercised—so that the issuer must take this cash from operations, hence likely increase borrowings (providing a link natural from the accounting considerations alone to a second issue of a bond-see for example section 3 of Constantinides et al.); and that the second security issued, which Applicants do not mention at all in their arguments, may not

allow the total EPS to be "practically unchanged" whatever that vague characterization means (see also tables in Jones et al., US 20040177016).

Applicant's arguments have been fully considered but are not persuasive.

Finally, Applicants argue that Dokken, used to reject former claim 22, does not teach that settlement of forward (repurchase) coincides with a maturity or call or put date of the second security. The reference speaks at ¶ [0101] of [*second entity]* underwriting a loan, based on the assets in the fund *[first entity]* thus Examiner used it as teaching underwriting of security issued by first entity, with maturity date the same date as the settlement of the forward (on first security with first entity) being obvious to one of skill in the art at the time of the invention. Examiner thus finds the argument that the limitation is not taught not persuasive, since obviousness of the combination is what is asserted by the Examiner.

Also, Examiner notes that a) Applicants did not argue that Dokken does not teach the limitations of claim 21, the second entity underwriting an issuance of a second security, but that Applicants now amend claim 21 and b) claim 16 had the elements of claim 22 anyway, and that Applicants did not argue that Davis, the reference used, does not teach the feature; thus substitution of Davis to teach this feature is easily available, and it remains to be determined whether the amendment of claim 21 requires use of new grounds of rejection, or whether the amendment of claims 1 and 47-49 to include second security **issued** by the first entity require new grounds of rejection rendering this last argument moot.

Again in order to advance prosecution, Examiner finds an alternative reference to teach the amended limitations of the independent claims and the amended claim 21 as well, and applies it to an alternative rejection of claim 16.

Claim Objections

4. Claims 1 and 47-49 are objected to because of the following informalities: "security available to an investor for borrow" has a verb as an object of a preposition. "security available to an investor for borrowing" is respectfully suggested.

Claim Rejections - 35 USC § 112

The following is a quotation of the first paragraph of 35 U.S.C. 112:

> The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same and shall set forth the best mode contemplated by the inventor of carrying out his invention.

5. Claims 1 and 47-49 are rejected under 35 U.S.C. 112, first paragraph, as failing to comply with the written description requirement. The claim(s) contains subject matter which was not described in the specification in such a way as to reasonably convey to one skilled in the relevant art that the inventor(s), at the time the application was filed, had possession of the claimed invention.

Claim 1 as qualified by claim 19 forces an order on the steps which is implied by the written form of claim 1; since the lending per claim 19 occurs when the first quantity is purchased and forward is entered into, but claim 1 cites investor who has purchased the second security, claim 1 as well as claims 47-49 show investor buying second security as the prior step.

Note from specification pages 7- 10:

"[0018] As shown in Figure 1, the first entity 12 may sell a security such as, for example, common stock to the second entity 14. The second entity 14 may enter into a forward purchase contract with the first entity 12. The forward purchase contract may be a pre-paid forward purchase contract, and may obligate the second entity 14 to subsequently deliver the security to the first entity 12 by a settlement date specified in the forward purchase contract. **The second entity 14 may also lend the security to the investor 16 such that the investor may short-sell the security.** The second entity 14 may also serve as an underwriter for a second security issued by the first entity 12. The second security may be convertible securities such as, for example, convertible bonds and/or convertible preferred stock. The second entity 14 may sell the second security to the investor 16, or the investor 16 may purchase the second security from other sources. Although Figure 1 illustrates the above-described transactions as occurring directly between the first entity 12, the second entity 14 and the investor 16, those of ordinary skill in the art will recognize that, according to other embodiments, any number of other entities may serve as intermediaries for the transactions between the first entity 12, the second entity 14 and the investor 16.

[0019]Figure 2 illustrates a flowchart of a method for implementing the transaction structure 10 of Figure 1 according to various embodiments. The process begins at block 30, where the second entity 14 purchases a first quantity of the security issued by the first entity 12. The second entity 14 may purchase the first quantity of the security from the first entity 12, from 7one or more intermediaries, or from any combination thereof. The first security purchased by the second entity 14 may be, for example, common stock, and may be purchased for a first price. The first price may be, for example, the market price."

[0023] From block 32, the process advances to block 34, where the first entity 12 issues the second security. As stated hereinabove, one of the maturity date of the second security, the put date of the second security and the call date of the second security may coincide with the settlement date of the forward purchase contract. The second entity 14 may serve as the underwriter of the issuance of the second security. Although block 34 of Figure 2 shows the issuance of the second security as occurring after block 32, the steps shown in blocks 30-34 may occur substantially simultaneously. [0024]

From block 34, the process advances **to block 36, where the investor 16 purchases the second security.** The investor 16 may purchase the second security from the first entity 12, the second entity 14, one or more intermediaries, or any combination thereof. Although block 36 of Figure 2 shows the purchase of the second security as occurring after block 34, the steps shown in blocks 30-36 may occur substantially simultaneously.

"[0025]From block 36, the process advances **to block 38, where second entity 14 lends a third quantity of the security to the investor** 16. According to various embodiments, the third

quantity may be equal to the first quantity of the security purchased by the second entity 14, equal to the second quantity of the security to be subsequently delivered to the first entity 12, or equal to a quantity other than one of the first and second quantities. **Although block 38 of Figure 2 shows the lending of the security as occurring after block 36, the steps shown in blocks 30-38 may occur substantially simultaneously. For example, the second entity 14 may lend the third quantity of the security to the investor 16 when the first quantity of the security is purchased and the forward purchase contract is entered into, or shortly thereafter".**

It is clear from ¶ [0023] that the purchase by second entity may occur "substantially simultaneously" as purchase by inventor of second security and "substantially simultaneously" as loan by second entity to investor, but it is not in the specification as filed or the claims before amendment of the claims that investor *has purchased second security* at the time of loan, as claim 1 requires.

The following is a quotation of the second paragraph of 35 U.S.C. 112:

> The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

6. Claims 1, 19, and 47-49 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

Claim 1 does not clarify from what entity to what entity the funds are transferred by the computer system (there could be intermediate accounts, for example) , nor does it specify any particular relationship between a fund transfer and a particular transaction ("computer system for the purchase" is not equivalent to "funds are transferred for the purchase by a computer system"). Claim 1 does not specify what entity sells the

second security to the third entity. Claim 1 does not specify the type of the securities, or any relationship such as specifying one or both as a derivative, in particular, one as a derivative of the other (a maturity date could describe a bond, fro example) or one as convertible debt per parts of the specification. For these reasons, various combinations of possible assumptions for these unknowns may lead to various interpretations of the claim, rendering the claims indefinite as written. Similar comments apply to claims 47-49.

The combination of claims 1 and 19 contradicts itself, in that, as shown, claim 1 cites "lending a third quantity of the first security to investor who **has purchased** the second security" but claim 19 cites "lending...**when** first security is purchased and forward purchase is entered into". Examiner is unable to resolve the contradiction.

Claim Rejections - 35 USC § 101

35 U.S.C. 101 reads as follows:

> Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

7. Claims 1, 2-21 and 23 and 47-49 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

Regarding claims 1 and 47-49, they disclose methods, which are a patentable category of invention. However, based on Supreme Court precedent and recent

Federal Circuit decisions, the Office's guidance to examiners is that a § 101 process must (1) be tied to a particular machine or apparatus, or (2) transform a particular article to a different state or thing. This is called the "machine-or-transformation test". If neither of these requirements is met by the body of the claim, the method is not a patent eligible process under § 101 and should be rejected as being directed to non-statutory subject matter. There are two corollaries to the machine-or-transformation test. A mere field-of-use limitation is generally insufficient to render an otherwise ineligible method claim patentable. This means the machine or transformation must impose meaningful limits on the method claim's scope to pass this test. Also, insignificant extra-solution activity will not transform an unpatentable principle into a patentable process. This means reciting a specific machine or a particular transformation of a specific article in an insignificant step, such as data gathering or outputting, is not sufficient to pass the test. For these reasons, claims 1 and 47-49 fail to belong to one of the statutory categories set forth in 35 U.S.C. 101 and is therefore considered to be non-statutory. Claims 2-21 and 23 depend from claim 1 and stand rejected under the same reasoning.

Claim Rejections - 35 USC § 103

The text of those sections of Title 35, U.S. Code not included in this action can be found in a prior Office action.

8. Claims 1-4 and 6-8 are rejected and claim 16 is alternatively rejected under 35 U.S.C. 103(a) as being unpatentable over Monetizing unrealized gains in non-strategic

assets (International Tax Review, Jun, 2000, hereinafter referred to as NPL1), in view of Mosler et al. (U.S. Patent Application Publication No. 2002/0010670 hereinafter referred to as Mosler), and further in view of Microsoft Registration Statement, September 16, 2003 with Exhibit (d)(1) (hereinafter S31), and further in view of Fenn et al. (hereinafter Fenn), and further in view of Pledereder et al. (US 200300167223 hereinafter Pledereder).

Regarding claim 1, Examiner notes that Applicants' background describesone amendment made, "These investors often implement their investment strategy by short-selling some amount of the issuer's common stock at the same time that they purchase the issuer's convertible debt".

Regarding claim 1, NPL1 teaches *a method for increasing an amount of a first security available to an investor for* borrow (see at least needs of active stock market participants or market-makers to obtain stock to deliver on short sales page 11, ¶ [0007]).

NPL1 does not teach the security issued by a first entity, and second entity purchasing security and entering into a forward contact obligating second entity to deliver security to the first entity.

Mosler teaches *the first security issued by a first entity* (Treasury subject of contract ¶ [0112]), *the method comprising: by a second entity, purchasing a first quantity of the security* (see at least a "reverse repo" or a "reverse repurchase

agreement" is a short-term loan agreement by which one party buys an asset from another party, but promises to sell back the asset at a specified time ¶ [0236]); *entering into a forward purchase contract with the first entity, wherein the forward purchase contract obligates the second entity to subsequently deliver a second quantity of the security to the first entity on a settlement date* (see at least at a specified time ¶ [0236]).

It would have been obvious to one of ordinary skill in the art at the time of the invention to modify the method as taught by NPL1 to adapt a reverse repurchase as taught by Mosler to realize the claimed invention since the claimed invention is merely a combination of old elements, and in the combination each element merely would have performed the same function as it did separately, and one of ordinary skill in the art would have recognized that the results of the combination were predictable.

Neither NPL1 nor Mosler explicitly teaches settlement date coincides with at least one of maturity, call, or put of second security.

Fenn teaches *wherein the settlement date coincides with a termination date of a second security issued by the first entity, wherein the termination date is at least one of a maturity date of the second security, a call date of the second security, and a put date of the second security* (see at least repurchase stock as the options are exercised page 5 of 28).

It would have been obvious to one of ordinary skill in the art at the time of the invention to modify the method as taught by the combination of NPL1 and Mosler to adapt coinciding dates as taught by Fenn realize the claimed invention since the claimed invention is merely a combination of old elements, and in the combination each

element merely would have performed the same function as it did separately, and one of ordinary skill in the art would have recognized that the results of the combination were predictable.

Neither NPL1 nor Mosler nor Fenn teaches *lending a third quantity of the first security to the investor who has purchased the second security*

S31 teaches this at **pages 3, 18-19**.

It would have been obvious to one of ordinary skill in the art at the time of the invention to modify the method as taught by the combination of NPL1, Mosler, and Fenn to adapt lending first security to investor who bought second security as taught by S31 to realize the claimed invention since the claimed invention is merely a combination of old elements, and in the combination each element merely would have performed the same function as it did separately, and one of ordinary skill in the art would have recognized that the results of the combination were predictable.

Neither NPL1 nor Mosler nor Fenn nor S31 specifically teach electronic settlement.

Pledereder teaches *wherein funds are electronically transferred from an account for the second party by a computer system for the purchase* (see at least Pledereder **¶ [0012]).**

It would have been obvious to one of ordinary skill in the art at the time of the invention to modify the method as taught by the combination of NPL1, Mosler, Fenn and S31 to adapt electronic funds transfer as taught by Plederer realize the claimed invention since the claimed invention is merely a combination of old elements, and in

the combination each element merely would have performed the same function as it did separately, and one of ordinary skill in the art would have recognized that the results of the combination were predictable.

Regarding claim 2, NPL1 does not teach buying the first quantity from the first entity.

Mosler teaches *wherein purchasing the first quantity of the first security includes purchasing the first quantity of the first security from the first entity* (see at least **¶ [0112], [0110], and [0236]**).

It would have been obvious to one of ordinary skill in the art at the time of the invention to modify covering short sales as taught by NPL1 to adapt purchasing Treasuries as taught by Mosler to realize the claimed invention since the claimed invention is merely a combination of old elements, and in the combination each element merely would have performed the same function as it did separately, and one of ordinary skill in the art would have recognized that the results of the combination were predictable.

Regarding claim 3, NPL1 teaches wherein purchasing the first quantity of the first security includes purchasing the first quantity of the first security from an intermediary ([stock-lending] is driven by desire of long-term passive investor, such as a pension fund, to earn additional income from securities (see at least **page 11, ¶ [[0008]**).

Regarding claim 4, NPL1 teaches wherein purchasing the first quantity of the first security includes purchasing common stock (**see at least page 11, ¶ [0008]**).

Regarding claim 6, NPL1 teaches *wherein the forward purchase contract obligates the second entity to subsequently deliver a quantity of the first security equal to the first quantity to the first entity* (agreement to sell securities coupled with an agreement to repurchase the same or equivalent securities at a future time **page 11, ¶ [0004]**).

Regarding claim 7, NPL1 does not disclose entering into first purchase and forward purchase simultaneously.

Mosler teaches *wherein entering into the forward purchase contract includes entering into the forward purchase contract when the first quantity of the first security is purchased* (see at least **¶[[0236]**).

It would have been obvious to one of ordinary skill in the art at the time of the invention to modify 'repo' as taught by NPL1 to adapt the timing of the forward contract as taught by Mosler to realize the claimed invention since the claimed invention is merely a combination of old elements, and in the combination each element merely would have performed the same function as it did separately, and one of ordinary skill in the art would have recognized that the results of the combination were predictable.

Regarding claim 8, NPL1 teaches *wherein entering into the forward purchase contract includes the second entity receiving a first payment before a settlement date of the forward purchase contract* (see at least net paying 'repo' in which seller (entity 1) is not compensated for interest coupons or dividend missed. The seller (entity 1) would be regarded as still receiving the dividend or coupon, but then paying it over to the purchaser (entity 2) **page 11, ¶ [0005]**).

Regarding claim 16, neither NPL1 nor Mosler explicitly teaches settlement date coincides with at least one of maturity, call, or put of second security.

Fenn teaches *wherein the forward purchase contract obligates the second entity to fulfill the forward purchase contract by a settlement date that is one of a maturity date of a second security issued by the first entity, a put date of the second security and a call date of the second security* (see at least repurchase stock as the options are exercised page 5 of 28).

It would have been obvious to one of ordinary skill in the art at the time of the invention to modify the method as taught by the combination of NPL1 and Mosler to adapt coinciding dates as taught by Fenn realize the claimed invention since the claimed invention is merely a combination of old elements, and in the combination each element merely would have performed the same function as it did separately, and one of ordinary skill in the art would have recognized that the results of the combination were predictable.

9. Claims 5 and 16 are rejected under 35 U.S.C. 103(a) as being unpatentable over Monetizing unrealized .gains in non-strategic assets (International Tax Review, Jun, 2000, hereinafter referred to as NPL1), in view of Mosler et al. (U.S. Patent Application Publication No. 2002/0010670 hereinafter referred to as Mosler), and further in view of Microsoft Registration Statement, September 16, 2003 with Exhibit (d)(1) (hereinafter S31), and further in view of Fenn et al. (hereinafter Fenn), and further in view of Pledereder et al. (US 200300167223 hereinafter Pledereder), and further in view of Davis III (U.S. Patent Application Publication 2005/0044024 hereinafter referred to as Davis).

Regarding claim 5, neither NPL1 nor Mosler nor S31 nor Fenn nor Pledereder specifically teaches one price for both of the 'repo' purchases.

Davis teaches *wherein purchasing the first quantity of the first security includes purchasing the first quantity of the security for a first price, and wherein entering into the forward purchase contract includes obligating the second entity to subsequently deliver the second quantity of the first security to the first entity for the first price* (see at least **Abstract, ¶ [0009]**).

It would have been obvious to one of ordinary skill in the art at the time of the invention to modify the method as taught by the combination of NPL1, Mosler, S31, Fenn, and Pledereder to adapt a 'repo' with trades occurring at the same price as taught

by Davis to realize the claimed invention since the claimed invention is merely a combination of old elements, and in the combination each element merely would have performed the same function as it did separately, and one of ordinary skill in the art would have recognized that the results of the combination were predictable.

Regarding claim 16, neither NPL1 nor Mosler nor S31 nor Fenn nor Pledereder teaches the settlement date of the forward purchase being related to a maturity or put or call date of the second security.

Davis teaches *wherein the forward purchase contract obligates the second entity to fulfill the forward purchase contract by a settlement date that is one of a maturity date of a second security issued by the first entity, a put date of the second security and a call date of the second security* (see at least **Claim 1**).

It would have been obvious to one of ordinary skill in the art at the time of the invention to modify the method as taught by the combination of NPL1, Mosler, S31, Fenn, and Pledereder to adapt the forward purchase settlement date related to the second issue's maturity date as taught by Davis to realize the claimed invention since the claimed invention is merely a combination of old elements, and in the combination each element merely would have performed the same function as it did separately, and one of ordinary skill in the art would have recognized that the results of the combination were predictable.

10. Claims 7-9, 11, 12, 14, and 18-20 are rejected under 35 U.S.C. 103(a)as being unpatentable over Monetizing unrealized gains in non-strategic assets (International Tax Review, Jun, 2000, hereinafter referred to as NPL1), in view of Mosler et al. (U.S. Patent Application Publication No. 2002/0010670 hereinafter referred to as Mosler), and further in view of Microsoft Registration Statement, September 16, 2003 with Exhibit (d)(1) (hereinafter S31), and further in view of Fenn et al. (hereinafter Fenn), and further in view of Pledereder et al. (US 200300167223 hereinafter Pledereder), and further in view of Dwin (U.S. Patent Application Publication No. 2004/0030638 hereinafter referred to as Dwin).

Regarding claim 7, neither NPL1 nor Mosler nor S31 nor Fenn nor Pledereder specifies that entering into forward purchase contract is done at the same time as buying the security.

Dwin teaches *wherein entering into the forward purchase contract includes entering into the forward purchase contract when the first quantity of the first security is purchased* (see at least **¶ [0003]**).

It would have been obvious to one of ordinary skill in the art at the time of the invention to modify the method as taught by the combination of NPL1, Mosler, S31, Fenn, and Pledereder to adapt a 'repo' wherein the forward contract is entered into at the same time as the loan of securities as taught by Dwin to realize the claimed invention since the claimed invention is merely a combination of old elements, and in the combination each element merely would have performed the same function as it did

separately, and one of ordinary skill in the art would have recognized that the results of the combination were predictable.

Regarding claim 8, neither NPL1 nor Mosler nor S31 nor Fenn nor Pledereder specifies payment to second entity before settlement.

Dwin teaches *wherein entering into the forward purchase contract includes the second entity receiving a first payment before a settlement date of the forward purchase contract* (see at least margin paid from seller, lending fee charged by buyer **¶ [0032]**).

It would have been obvious to one of ordinary skill in the art at the time of the invention to modify the method as taught by the combination of NPL1, Mosler, S31, Fenn, and Pledereder to adapt payments customary between buyer and seller of security in a 'repo' as taught by Dwin to realize the claimed invention since the claimed invention is merely a combination of old elements, and in the combination each element merely would have performed the same function as it did separately, and one of ordinary skill in the art would have recognized that the results of the combination were predictable.

Regarding claim 9, neither NPL1 nor Mosler nor S31 nor Fenn nor Pledereder teaches second entity receiving payment when forward purchase contract is entered into.

Dwin teaches *wherein the second entity receiving the first payment includes the*

second entity receiving the first payment when the forward purchase contract is entered into (see at least loan margin paid from seller (first entity) in exchange for funds from buyer (second entity) **¶ [0032]**).

It would have been obvious to one of ordinary skill in the art at the time of the invention to modify the method as taught by the combination of NPL1, Mosler, S31, Fenn, and Pledereder to adapt simultaneous funds exchange as taught by Dwin to realize the claimed invention since the claimed invention is merely a combination of old elements, and in the combination each element merely would have performed the same function as it did separately, and one of ordinary skill in the art would have recognized that the results of the combination were predictable.

Regarding claim 11, NPL1 teaches the second entity pay[s] the first entity a first amount equal to a sum of: a total of any distributions paid on the security from the date of formation of the forward purchase contract until the settlement date of the forward purchase contract (see at least purchaser will need to make substitute payments to compensate for any interest coupons or dividends missed by seller **page 11 , ¶ [0004]**);

Neither NPL1 nor Mosler nor S31 nor Fenn nor Pledereder teaches payment of fees from an investor who borrows the security.

Dwin teaches *a total of any payments the second entity receives for lending the third quantity of the first security to the investor* (see at least 'repo' desk lends loans (securities) to short seller **¶[[0049]**).

It would have been obvious to one of ordinary skill in the art at the time of the invention to modify the method as taught by the combination of NPL1, Mosler, S31, Fenn, and Pledereder to adapt paying the first entity the sums gained by second entity for loaning out stock to an investor as taught by Dwin to realize the claimed invention since the claimed invention is merely a combination of old elements, and in the combination each element merely would have performed the same function as it did separately, and one of ordinary skill in the art would have recognized that the results of the combination were predictable.

Regarding claim 12, the same art and rationale used in rejecting claim 11 apply.

Regarding claim 14, the same art and rationale used in rejecting claim 11 apply.

Regarding claim 18, neither NPL1 nor Mosler nor S31 nor Fenn nor Pledereder teaches second entity lends specific quantity of security to investor.

Dwin teaches *wherein lending the third quantity of the first security to the investor includes lending at least one of the first and second quantities of the first security to the investo*r (see at least **¶ [0049]**).

It would have been obvious to one of ordinary skill in the art at the time of

the invention to modify the method as taught by the combination of NPL1, Mosler, S31, Fenn, and Pledereder to adapt second entity's lending a specific part of the quantity borrowed from entity one to the investor as taught by Dwin to realize the claimed invention since the claimed invention is merely a combination of old elements, and in the combination each element merely would have performed the same function as it did separately, and one of ordinary skill in the art would have recognized that the results of the combination were predictable.

Regarding claim 19, neither NPL1 nor Mosler nor S31 nor Fenn nor Pledereder discloses investor's receiving loan when 'repo' agreement is entered into.

Dwin teaches *wherein lending the third quantity of the first security to the investor includes lending the third quantity of the first security to the investor when the first quantity of the first security is purchased and the forward purchase contract is entered into* (see at least **claim 16**).

It would have been obvious to one of ordinary skill in the art at the time of the invention to modify the method as taught by the combination of NPL1, Mosler, S31, Fenn, and Pledereder to adapt simultaneous lending of security to an investor as taught by Dwin to realize the claimed invention since the claimed invention is merely a combination of old elements, and in the combination each element merely would have performed the same function as it did separately, and one of ordinary skill in the art would have recognized that the results of the combination were predictable.

Regarding claim 20, neither NPL1 nor Mosler nor S31 nor Fenn nor Pledereder discloses investor's receiving loan after 'repo' agreement is entered into.

Dwin teaches *wherein lending the third quantity of the security to the investor includes lending the third quantity of the first security to the investor after the first quantity of the first security is purchased and the forward purchase contract is entered into* (see at least **¶ [0010]**).

It would have been obvious to one of ordinary skill in the art at the time of the invention to modify the 'repo' agreement and lending as taught by the combination of NPL1, Mosler, S31, Fenn, and Pledereder to adapt later lending of security to an investor as taught by Dwin to realize the claimed invention since the claimed invention is merely a combination of old elements, and in the combination each element merely would have performed the same function as it did separately, and one of ordinary skill in the art would have recognized that the results of the combination were predictable.

11. Claim 10 is rejected under 35 U.S.C. 103(a) as being unpatentable over Monetizing unrealized gains in non-strategic assets (International Tax Review, Jun, 2000, hereinafter referred to as NPL1), in view of Mosler et al. (U.S. Patent Application Publication No. 2002/0010670 hereinafter referred to as Mosler), and further in view of Microsoft Registration Statement, September 16, 2003 with Exhibit (d)(1) (hereinafter S31), and further in view of Fenn et al. (hereinafter Fenn), and further in view of Pledereder et al. (US 200300167223 hereinafter Pledereder), and further in view of

Dwin (U.S. Patent Application Publication No. 2004/0030638 hereinafter referred to as Dwin), and further in view of Finkelstein et al. (U.S. Patent Application Publication No. 2001/0037284 hereinafter referred to as Finkelstein).

Regarding claim 10, neither NPL1 nor Mosler nor S31 nor Fenn nor Pledereder nor Dwin teaches second entity receiving payment for a second amount of security when the forward purchase contract is entered into.

Finkelstein teaches *wherein the second entity receiving the first payment includes the second entity receiving a payment equal to a sale price of the second quantity of the first security* (a Flex 'repo', a repurchase agreement that provides for principal draw downs see at least **¶ [0017]**).

It would have been obvious to one of ordinary skill in the art at the time of the invention to modify the method of increasing securities available for borrow as taught by the combination of NPL1, Mosler, S31, Fenn, Pledereder, and Dwin to adapt payments for the second amount before execution of the repurchase as taught by Finkelstein to realize the claimed invention since the claimed invention is merely a combination of old elements, and in the combination each element merely would have performed the same function as it did separately, and one of ordinary skill in the art would have recognized that the results of the combination were predictable.

12. Claims 13 and 15 are rejected under 35 U.S.C. 103(a) as being unpatentable over Monetizing unrealized gains in non-strategic assets (International Tax Review Jun, 2000, hereinafter referred to as NPL1), in view of Mosler et al. (U.S. Patent Application Publication No. 2002/0010670 hereinafter referred to as Mosler),), and further in view of Microsoft Registration Statement, September 16, 2003 with Exhibit (d)(1) (hereinafter S31), and further in view of Fenn et al. (hereinafter Fenn), and further in view of Pledereder et al. (US 200300167223 hereinafter Pledereder), and further in view of Dwin (U.S. Patent Application Publication No. 2004/0030638 hereinafter referred to as Dwin), and further in view of Ross (U.S. Patent Application Publication No. 2002/009406 hereinafter referred to as Ross).

Regarding claim 13, neither NPL1 nor Mosler nor S31 nor Fenn nor Pledereder nor Dwin teaches the second entity may pay the at least some of the amount equal to the distributions on the security borrowed in stock.

Ross teaches *wherein the forward purchase contract permits the second entity to pay at least a portion of the second amount with stock* (see at least **¶ [0114]**).

It would have been obvious to one of ordinary skill in the art at the time of the invention to modify payment of distributions owed as taught by the combination of NPL1, Mosler, S31, Fenn, Pledereder, and Dwin to adapt payment of the distributions in stock as taught by Ross to realize the claimed invention since the claimed invention is merely a combination of old elements, and in the combination each element merely

would have performed the same function as it did separately, and one of ordinary skill in the art would have recognized that the results of the combination were predictable.

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Regarding claim 15, the same art and rationales used in rejecting claim 13 apply.

13. Claims 21 and 23 are rejected under 35 U.S.C. 103(a) as being unpatentable over Monetizing unrealized gains non-strategic assets (International Tax Review Jun, 2000, hereinafter referred to as NPL1), in view of Mosler et al. (U.S. Patent Application Publication No. 2002/0010670 hereinafter referred to as Mosler), and further in view of Microsoft Registration Statement, September 16, 2003 with Exhibit (d)(1) (hereinafter S31), and further in view of Fenn et al. (hereinafter Fenn), and further in view of Pledereder et al. (US 200300167223 hereinafter Pledereder), and further in view of Dokken (U.S. Patent Application Publication No. 2004/0054613 hereinafter referred to as Dokken).

Regarding claim 21, neither NPL1 nor Mosler nor S31 nor Fenn nor Pledereder teaches second entity's underwriting the second security issued by first entity.

Dokken teaches *the second entity underwriting an issuance of a the second security issued by the first entity* (see at least **¶ [0027], [0029-0042], [0099]**).

It would have been obvious to one of ordinary skill in the art at the time of the invention to modify the method as taught by the combination of NPL1, Mosler, S31, Fenn, and Pledereder to adapt underwriting of second security as taught by Dokken to realize the claimed invention since the claimed invention is merely a combination of old elements, and in the combination each element merely would have performed the same function as it did separately, and one of ordinary skill in the art would have recognized that the results of the combination were predictable.

Regarding claim 23, neither NPL1 nor Mosler nor S31 nor Fenn nor Pledereder teaches the second issued security's being a convertible bond or stock.

Dokken teaches *wherein the second security comprises a convertible security selected from the group comprising a convertible bond security and a convertible preferred stock security* (see at least **¶ [0042]** where similar instrument is interpreted as similar to original asset, i.e. security issued by first entity, and said security is a convertible).

It would have been obvious to one of ordinary skill in the art at the time of the invention to modify the method as taught by the combination of NPL1, Mosler, S31, Fenn, and Pledereder to adapt underwriting of a convertible as taught by Dokken to realize the claimed invention since the claimed invention is merely a combination of old elements, and in the combination each element merely would have performed the same function as it did separately, and one of ordinary skill in the art would have recognized that the results of the combination were predictable.

14. Claim 47 is rejected using the same art and rationales used to reject claims 1 and 21.

Claims 48 and 49 are rejected using the same art and rationales used to reject claim 1 and 21 and further in view of Official Notice. Official Notice is taken that the second security could be one with a put or call date.

It would have been obvious to one of ordinary skill in the art at the time of the invention to modify the method as taught by the combination of NPL1, Mosler, S31, Fenn, Pledereder and Dokken to adapt second security termination date being a put date or a call date as taught by Official Notice to realize the claimed invention since the claimed invention is merely a combination of old elements, and in the combination each element merely would have performed the same function as it did separately, and one of ordinary skill in the art would have recognized that the results of the combination were predictable.

Conclusion

15. The prior art made of record and not relied upon is considered pertinent to applicant's disclosure.

US 20090055302 to Breen et al.

Angel et al., especially "Also, Equity FLEX puts offer the ability to select any strike price or exercise date…and the ability to select either European or American exercise style…Should the corporate seller of a put in a stock repurchase program wish to repurchase the put before it is exercised, the corporation is no longer linked exclusively to a single OTC option dealer".

16. Any inquiry concerning this communication or earlier communications from the examiner should be directed to LINDA PERRY whose telephone number is (571)270-1466. The examiner can normally be reached on M-F 8-5 alternate Fridays.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Charles Kyle can be reached on 571 272 6746. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see http://pair-direct.uspto.gov. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

/LINDA PERRY/
Examiner, Art Unit 3695
23 March 2009.

/Charles R. Kyle/
Supervisory Patent Examiner, Art Unit 3695